

Message Text

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17

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07 INT-05

L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 SAM-01

OES-03 SP-02 SS-15 STR-04 TRSE-00 FEA-01 PA-01 PRS-01

/092 W

----- 018350

R 081145Z SEP 75

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 1940

INFO AMCONSUL KARACHI

AMCONSUL LAHORE

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E.O. 11652: N/A

TAGS: ENRG, EALR, PK

SUBJECT: PETROLEUM EXPLORATION IN PAKISTAN

1. SUMMARY: EMBASSY HAS LEARNED FROM UNDP PETROLEUM ADVISOR TO GOP AND RESIDENT MANAGER OF AMOCO THAT EXPLORATION ACTIVITY BY FOREIGN FIRMS HAS OR WILL SOON SLOW TO A VIRTUAL HALT. PARENT COMPANIES ARE LIMITING FOREIGN EXPLORATION BUDGETS TO MINIMUM CONTRACTUAL OBLIGATIONS. COMPANIES ARE SHOWING LITTLE INTEREST IN NEW CONCESSIONS. END SUMMARY.

2. PHILIP WOODSIDE AMCIT UNDP ADVISOR ON TDY ASSIGNMENT TO GOP MINISTRY OF FUEL, POWER AND NATURAL RESOURCES, BROUGHT TO EMBASSY'S ATTENTION THAT ARCO, HUSKY, ZAPATA AND MURPHY WERE NOT PURSUING THEIR CONCESSION APPLICATIONS AND TREND HAD SURRENDERED ITS CONCESSION GAINED JUST LAST OCTOBER. WOODSIDE REPORTED THE MINISTRY WAS IN A MOOD OF DESPERATION DUE TO PRESSURE FROM ABOVE FOR
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ACTIVITY AND TO LACK OF NEW EXPLORATION PROPOSALS.

MINISTRY IS EVEN CONSIDERING APPROVING PROPOSAL FROM A GROUP OF CONCESSION BROKERS FROM TEXAS, NAMED PEXAMIN, WHEREAS LAST YEAR MINISTRY WOULD TALK ONLY TO OPERATING COMPANIES. WOODSIDE ALSO REPORTED THAT MARATHON HAD DISCONTINUED DRILLING OPERATIONS ALONG THE MAKRAN COAST.

3. THE ABOVE INFORMATION WAS CONFIRMED TO EMBASSY ECON OFF BY DELLY BROWNLOW, RESIDENT MANAGER OF AMOCO PAKISTAN. BROWNLOW SAID THAT HE HAD SUBMITTED BUDGET TO INCREASE OPERATIONS NEXT YEAR FROM ONE RIG TO TWO. THIS BUDGET WAS APPROVED BY PARENT COMPANY'S REGIONAL STAFF BUT REJECTED BY GENERAL HEADQUARTERS. BROWNLOW STATED HIS PARENT COMPANY'S INSTRUCTIONS TO ALL SUBSIDIARIES WAS TO CUT BACK TO MINIMUM OBLIGATIONS IN CONCESSION CONTRACTS. SOME SUBSIDIARIES HAD BEEN INSTRUCTED TO ATTEMPT TO AVOID OBLIGATIONS OR TO BUY THEM BACK FROM THE HOST GOVERNMENT. HIS OWN PLANS ARE TO PUT ONE GEOLOGY CREW INTO THE FIELD SEPTEMBER 15 TO WORK THE REMAINDER OF THIS YEAR AND ABOUT 10 MONTHS OF THE NEXT CALENDAR YEAR. HIS DRILL WOULD CONTINUE IN OPERATION THROUGH ABOUT HALF THE NEXT CALENDAR YEAR, DRILLING TWO MORE HOLES. THIS ACTIVITY WOULD COMPLETE ALL CONCESSION OBLIGATIONS THROUGH 1977 AND IF NO OIL IS FOUND ALL CREWS WOULD THEN BE DEMOBILIZED UNTIL JANUARY 1978.

4. BROWNLOW SAID THAT HE WAS NOT PRIVY TO THE REASONS BEHIND THIS WORLDWIDE WITHDRAWAL BUT FROM CORRIDOR CONVERSATIONS DURING HIS RECENT TRIP TO THE U.S., BELIEVED CORPORATE FEAR OF WHAT CONGRESS MIGHT DO IN THE FUTURE WAS BIGGER FACTOR THAN THE TAX LEGISLATION PASSED LAST YEAR. PETROLEUM EXECUTIVES ARE UNABLE TO ASSESS THE MOOD OF CONGRESS AND PARTICULARLY THE POWER OF NEW CONGRESSIONAL GROUPINGS. THEY THEREFORE BELIEVE THAT NO ACTIVITY IS BETTER THAN ACTION WHICH MIGHT PROVE TO HAVE BEEN A MISTAKE UNDER FUTURE LEGISLATION. BROWNLOW SAID THE STORY WAS THE SAME WITH EXECUTIVES OF OTHER PETROLEUM COMPANIES WITH WHOM HE HAD TALKED IN CHICAGO, TEXAS AND PAKISTAN. BROWNLOW UNDERSTOOD THAT MARATHON PAKISTAN WAS DISCONTINUING DRILLING OPERATIONS AND TREND PAKISTAN WITHDRAWING. WINTERSHALL/CONCOCO PLANNED TO CONTINUE OFFSHORE OPERATIONS LIMITED OFFICIAL USE

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AFTER THE MONSOON SEASON TO DRILL TWO MORE HOLES. HE DID NOT KNOW WHAT TEXASGULF PLANNED TO DO.

5. TREND EXECUTIVE CONFIRMED TO EMBOFF VISITING KARACHI SEPTEMBER 5 THAT HIS COMPANY WAS SURRENDERING ITS CONCESSION. HE INDICATED SOME INTEREST IN INVESTIGATING OTHER POSSIBLE CONCESSION AREAS. TREND DID NOT APPEAR TO PLACE HIGH PRIORITY ON NEW PAKISTAN CONCESSIONS.

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Message Attributes

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Disposition Date: 28 MAY 2004
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